

CHAPTER VI

FEDERAL RESPONSIBILITY

California is experiencing explosive growth in goods movement because Pacific Rim countries are using California's ports as the gateway to consumers across the country. Approximately fifty percent of the goods reaching the State's shores are destined for endpoints beyond its borders, and contribute to the economic vitality of the nation. Yet despite our vital role in national and international trade, the diseconomies of transborder shipments are generally borne by our State alone. California's ports are clearly the nation's ports and need to receive corresponding national attention. As noted in Cal/EPA & BT&H's Phase 1 Goods Movement Action Plan, federal responsibility for goods movement encompasses a wide range of security, transportation and environmental concerns. This plan focuses on the air quality issues that need the federal government's active involvement to resolve.

Some federal efforts are very promising. U.S. EPA has helped to reduce goods movement emissions through its national fuel quality standards and emission standards for new interstate trucks, new and rebuilt locomotive engines, new off-road engines and domestically flagged vessels. Additional regulations are pending for harbor craft and for the next round of marine and locomotive engines (Tier 3). However, the emissions from unregulated and under-regulated sources such as foreign vessels and the "legacy" fleet of older vehicles and equipment is overwhelming progress in other sectors. Additional efforts are needed to stem the tide.

On the global scene, the U.S. EPA, members of the State Department and national diplomats are California's representatives in the international bodies that govern maritime operations. California needs continuing proactive and aggressive action by these entities to ensure that its environmental needs are addressed via international laws, standards and trade agreements.

The federal government has a role to play in financing air quality clean up as well. The cost of environmental mitigation rests largely on the private sector due to the long established principle that polluters pay. However, there is a significant government role in providing incentives for the rapid conversion to cleaner technologies. Also, certain economic actors in the goods movement sector – such as individual drayage truckers – lack the access to capital necessary undertake expensive environmental controls. For the latter, progress can only occur if government steps in with some form of subsidies or market mechanisms to make capital available. The federal government should assist California in this regard, due to the major contribution of our ports to the national economy.

California intends to do everything in its power to reduce goods movement emissions. The ARB has already adopted more stringent fuel quality standards for several goods movement categories, and will soon consider regulations for marine auxiliary engines, cargo handling equipment, and accelerated clean-up of harbor craft. However, the State cannot complete the job on its own due to the limitations set forth in national and international laws and the practicalities of global trade movements. Accordingly, this emission reduction plan calls for federal action in the following areas:

1. Accelerated Regulation

The U.S. EPA is developing emission standards for several goods movement sources including trains, off-road equipment, marine auxiliary engines and harborcraft. Most of these will apply to new engines only. The diesel engines used in goods movement tend to be very long lived. Also, the effectiveness of emission controls can degrade over time. With that in mind, it is essential that U.S. EPA incorporate the advanced diesel controls that are being developed for on-road trucks and land-based off-road equipment, including after-treatment technologies, into its emission standards for new engines wherever possible to ensure the greatest possible emission reductions. Specifically, U.S. EPA should facilitate the transfer of state-of-the-art emission controls such as high-efficiency catalytic aftertreatment to marine engines, auxiliary engines, and harborcraft. U.S. EPA should also craft its regulations to require the use of the cleanest possible retrofit technologies when engines in sources under its control are replaced or rebuilt, including modifications that would allow these engines to use cleaner fuels. U.S. EPA should include on-board diagnostics and idle limiting device requirements as part of its upcoming emission standards for locomotives. In addition, U.S. EPA should require rebuilt locomotive engines to reflect current technologies, including after-treatment retrofit controls, rather than the standards in effect when the locomotive was first built.

2. Leadership on International Emission Sources

California must rely on U.S. EPA to represent its interests before foreign or international regulatory bodies that have the ability to reduce emissions from international goods movement sources. In this role, U.S. EPA should advocate for the adoption of cleaner ship emission standards and less polluting practices by the IMO. U.S. EPA should also continue to work with the Mexican government to harmonize the two countries' diesel truck emission standards and diesel fuel quality standards.

3. Sulfur Emission Control Area Designation

ARB has asked U.S. EPA to establish a sulfur emission control area (SECA) off California's coast (or beyond) under the provisions of the International Maritime Organization, similar to the program already in place in parts of Europe. California needs U.S. EPA to actively support this request which would reduce PM emissions from ships by about 18 percent and SOx emissions by about 40 percent. In addition, it is

essential that the U.S. Congress ratify MARPOL Annex 6 at the earliest possible date, to enable the United States to take advantage of the SECA designation option.

4. Incentive Funding

This year alone, California will spend up to \$140 million in Carl Moyer Program incentive funding to reduce emissions from existing diesel engines and other sources not subject to regulatory control. U.S. EPA has helped fund some pilot diesel retrofit programs at California ports and in the border area. But at present, the federal funding level does not reflect the excess emissions attributed to sources that are largely under federal control. U.S. EPA should assist in providing and developing financial incentives for the owners of older sources to retrofit or replace older, high-emitting engines.